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GENERAL

1. British Chiefs of Staff views on Chinese vulnerability--US Embassy London transmits the conclusions reached in a 14 January study by the British Chiefs of Staff on the vulnerability of China to attack. The following conclusions were reached: (a) the Chinese ability to sustain, even with Soviet help, large-scale and prolonged campaigns would be reduced by heavy air attacks on industrial and transportation centers; (b) similar, but more delayed results, could be obtained by attacks on transportation systems, oil installations, and power stations; (c) blockade would render these above actions more effective; (d) even intensive and prolonged air attacks, plus a blockade, could not in themselves bring about China's defeat; and (e) Chinese land forces could contain any bridgehead which might be established on the mainland, and any attempt to penetrate inland would be an extremely hazardous operation and would not yield decisive military result.

EUROPE

2,	GERMANY: Need for "positive" Western statement felt The US High Commission in Frankfort has been advised
	that it is urgently necessary to issue "some positive statement" outlining a new relationship between West Germany and the occupying powers. Adenauer believes that the only basis for progress in negotiations is a public statement that Germany will be given its sovereignty at an unspecified future date, that administration by the High Commission will be liquidated as soon as possible, and that negotiations looking toward a security treaty will be

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undertaken at once.

ward neutralism is becoming more pronounced and Adenauer's position more insecure, and that unless such a statement of principles is issued, the situation will continue to deteriorate. The High Commission comments that other sources confirm the estimate of a more pronounced drift toward neutralism. The High Commission does not believe, however, that the Socialists, despite gains in recent Laender elections in the US Zone, are likely, within the next few months, to dominate the Bundesrat to such an extent as to make the Adenauer regime unworkable.

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4. INDOCHINA: No overt Chinese action expected soon--US Minister Heath in Saigon reports that General de Lattre is "absolutely convinced" there will be no overt Chinese Communist participation in Viet Minh action during the next few weeks. De Lattre is confident that he can successfully withstand the Viet Minh attacks which are very likely to occur in this period. However, US Consul Blancke in Hanoi has since been told by an officer temporarily attached to the High Commission that de Lattre is "gravely worried" about the current Viet Minh offensive and that three more battalions are coming from Saigon to assist French operations. Blancke comments that this information is unconfirmed elsewhere although he has learned other forces were called in. Concerning Chinese Communist activity, Blancke has been informed that the French have verified reports indicating that the Communists are putting effort and expense "far beyond the demands of normal commerce" into the Chengtu-Tali Road which connects with the Burma Road, thereby suggesting that Burma may be slated for possible early penetration.

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